

STAT

MEMORANDUM TO:

Office of Congressional Affairs
7D43 HQS

STAT

FROM:

C/IOD/EEB

30442

SUBJECT:

Mark-Up Hearing on H.R. 5102
Federal Employees Health Benefits Amendments Act of 1988

1. Per our conversation yesterday, attached is a copy of the above referenced proposed legislation. Below are listed IOD's primary concerns if this bill is passed:

Title II gives resigned or terminated employees an entitlement to extended health insurance coverage for 18 months and certain of their family members would be entitled to 36 months of extended coverage.

As a FEHBP plan administrator, this provision would measurably increase the potential enrollees and subsequent administration requirements. Not only would the plan be required to maintain enrollment information on these people, it would have to collect premiums and process claims for UP TO 3 YEARS in some instances. Maintaining eligibility and payment rosters for this group could be an administrative nightmare. In addition, the bill calls for an additional 2% of the premium to be paid to OPM to cover their administrative costs. What about ours?

STAT
STAT

If, on the other hand, OPM were to consider creating a special section to administer this "new" group of eligibles and lump them all into one plan, say Blue Cross/Blue Shield, then we have no problem with the legislation. Our concerns are strictly from a plan administration point of view.

STAT

cc: C/IOD
DD/EES

~~UNCLASSIFIED~~